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BUDGET ROUNDTABLE WORKBOOK

Alberta

ADVANCED EDUCATION AND
CAREER DEVELOPMENT

NOVEMBER 1993



For release November 15, 1993

Budget roundtable announced for Advanced Education and Career Development

Edmonton... Jack W. Ady, Minister of Advanced Education and Career Development, today announced that a roundtable on the department's budget will be held at the Sandman Hotel in Calgary on November 19-20, 1993.

"We are asking for advice about how to maintain high quality and accessible adult education and training while significantly reducing the costs involved," said Mr. Ady.

"Currently about \$1.2 billion a year is directed to supporting Alberta's adult education and training system. This is roughly ten per cent of all provincial government expenditures. In order to achieve the government's objective of balancing the budget, savings must be found in all areas of government spending, including Advanced Education and Career Development."

Approximately 150 Albertans have been invited to take part in the budget roundtable. Participation in the roundtable will reflect the interest that has been shown so far in the public consultation process. There will be approximately equal representation from both educational deliverers and recipients. Among those represented will be institutions, students, business and equity groups. A list of attendees will be made available to the public prior to the roundtable.

Roundtable participants have been sent workbooks containing options to be discussed at the roundtable. "The options have been gathered from our consultation meetings held earlier this fall, and from previous dialogue with stakeholders in the adult learning system," said Mr. Ady. "I will be asking participants for feedback on the options and additional or alternative options."

Copies of the budget workbook are available by calling 422-4495. Albertans not attending the roundtable may comment on the options and send their suggestions to Jack W. Ady, Minister, Advanced Education and Career Development, 9th floor, CityCentre, 10155-102 Street, Edmonton, T5J 4L5, by December 8, 1993.

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ADULT LEARNING IN ALBERTA:

BUDGET ROUNDTABLE WORKBOOK

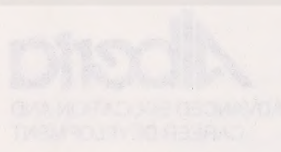
Alberta

ADVANCED EDUCATION AND
CAREER DEVELOPMENT

November 1993



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I. INTRODUCTION

This budget roundtable on adult learning is part of a larger process both within the adult learning system and across government. The Alberta government has held roundtable discussions on finance, health, basic education, and now on adult learning. Participants in the roundtable face an important and challenging task. The government is asking for advice about how to maintain high quality and accessible adult education and training while significantly reducing the costs involved.

Programs for adult learning that are accessible and responsive to emerging social and economic trends are essential to Alberta's future economic prosperity. And young people need excellent education and training to prepare them for the highly competitive global markets of the future. Yet, the government must also ensure our future success and prosperity by working diligently and quickly to achieve a balanced budget.

The objective: to search for options and alternatives which will, over the next three years, reduce expenditures, maintain accessibility, increase productivity, and increase accountability for the results achieved.

Currently, the adult education and training system in Alberta costs approximately \$1.2 billion a year, roughly 10% of all government expenditures. In order to achieve the objective of balancing the budget, savings must be found in all areas of government spending, including Advanced Education and Career Development.

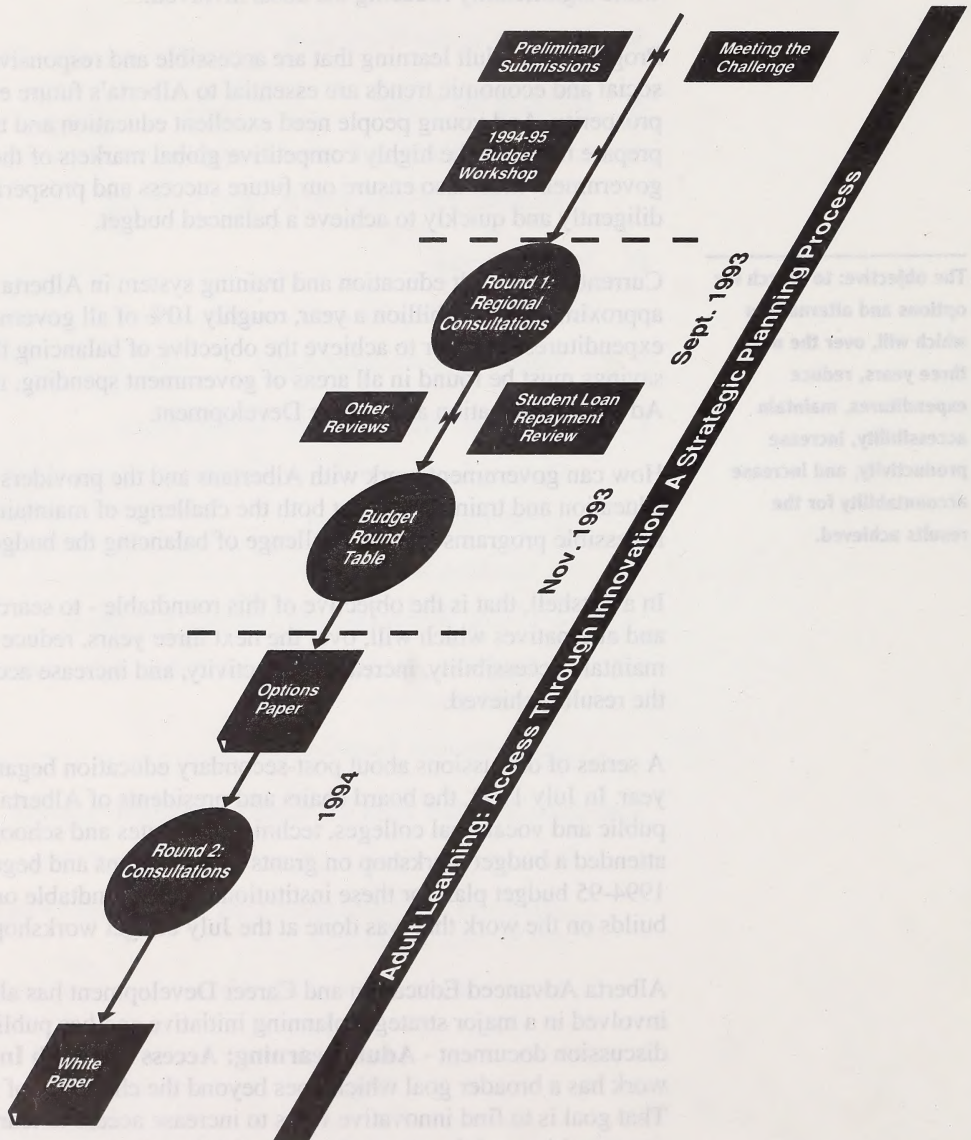
How can government work with Albertans and the providers of adult education and training to meet both the challenge of maintaining quality accessible programs and the challenge of balancing the budget?

In a nutshell, that is the objective of this roundtable - to search for options and alternatives which will, over the next three years, reduce expenditures, maintain accessibility, increase productivity, and increase accountability for the results achieved.

A series of discussions about post-secondary education began earlier this year. In July 1993, the board chairs and presidents of Alberta's universities, public and vocational colleges, technical institutes and schools of nursing attended a budget workshop on grants to institutions and began developing a 1994-95 budget plan for these institutions. This roundtable on adult learning builds on the work that was done at the July budget workshop.

Alberta Advanced Education and Career Development has also been involved in a major strategic planning initiative and has published a discussion document - **Adult Learning: Access Through Innovation**. This work has a broader goal which goes beyond the challenge of budget issues. That goal is to find innovative ways to increase access to learning opportunities and the responsiveness of Alberta's post-secondary system in

the longer term. The process involves consultation with Albertans, the first stage of which has just been completed. Public meetings were held in 17 locations, 1300 people attended, and approximately 600 written and verbal submissions have been received to date. The results of this strategic planning work will be outlined in a white paper on adult learning in the province. That white paper, planned for the spring of 1994, will set out longer term strategic directions for adult learning.



The longer term planning process will continue and the result will be new directions for adult learning. In the meantime, government must face the reality of beginning to reduce its expenditures now. Through careful planning, the goal is to make decisions about immediate budget reductions in such a way as not to compromise longer term objectives.

A number of options and suggestions are outlined in this workbook. The options reflect what we have heard to date - ideas that have arisen from the planning process, suggestions received through public consultation, the results of the July budget workshop and submissions received from universities, colleges and technical institutes.

At the budget roundtable discussion, we want you to think about, discuss and debate the options. We want to hear your comments and your analysis of each of the options suggested. We also want your suggestions for additional or alternative options. The options presented in the workbook reflect in general terms what we have heard, but all doors are open to new ideas and new suggestions. And finally, we want you to indicate the priority you would place on the options.

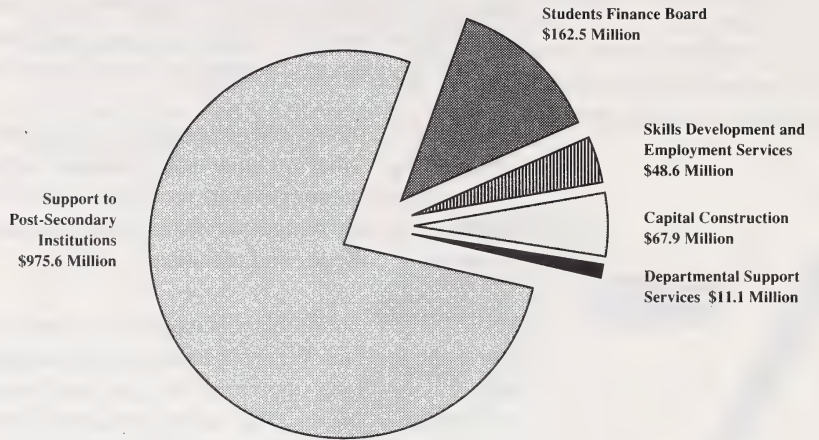
II. FISCAL CHALLENGE

Reductions must be achieved in all areas of government spending. Maintaining the status quo is not an option.

In May 1993, the Provincial Treasurer introduced a financial plan for balancing the budget by 1996-97. The plan calls for getting the province's spending in line with revenues, eliminating waste and unnecessary duplication, and changing the way the government does business. The Deficit Elimination Act creates a legal requirement to eliminate the deficit by 1996-97. This translates into a \$2.5 billion reduction in government program spending over the next three years. Year-by-year deficit reduction targets are spelled out in the Act: \$700 million in 1994-95, \$1 billion in 1995-96, and \$800 million in 1996-97.

While specific targets for each department and agency have not been set, the message is clear. Reductions must be achieved in all areas of government spending. Maintaining the status quo is not an option. For planning purposes, the Provincial Treasurer has asked all departments to consider the implications of a possible 20 percent reduction in funding. For Alberta Advanced Education and Career Development, this would mean a reduction of approximately \$250 million. In addition, substantial increases in student assistance costs are expected over the next three years for interest, remission and default costs as the value of outstanding student loans increases. To accommodate this commitment within the budget target, there would need to be additional budget reductions of approximately \$50 million. Consequently, if a 20% scenario were implemented, the total budget reduction target for the department would be approximately \$300 million.

ADVANCED EDUCATION AND CAREER DEVELOPMENT 1993-94 TOTAL BUDGET ESTIMATES



The government has made a commitment to announce three-year financial targets this fall. With that announcement, annual financial targets will be set for all departments for the next three years.

A key component of the budget plan is a new focus on business plans - linking funding to business plans and results. Beginning this year, all departments are required to prepare three-year business plans outlining long-term goals and program objectives, spending requirements that match the government's financial plan, and specific means to measure results and performance. The plan must answer the basic question: is this the business government should be in? If yes, then how can the services and programs delivered and funded by government be streamlined to do a better job over the next three years?

The outcomes of this roundtable will provide essential advice to government about how to address the immediate fiscal challenges in the adult learning system.

We need your thoughts and ideas.

III. FRAMING THE FUTURE: NEW DIRECTIONS FOR THE LONG TERM

Longer term directions for adult learning will be set through the strategic planning process. But for the purposes of this discussion, it's important to have a set of goals to guide the process. The department has set the following six goals as guidelines for choices which must be made in the coming weeks and months.

1. To continue to make financial assistance available for the students who need it most.
2. To ensure access to, and improve the effectiveness of, career and academic counselling.
3. To increase the number of learning opportunities available by reducing the "cost per unit" while maintaining quality.
4. To enhance the skill level and adaptability of all members of Alberta's workforce, including disadvantaged Albertans.
5. To increase industry's level of support and responsibility for training, including apprenticeship.
6. To ensure that Alberta universities continue to have viable research programs.

These goals reflect values and beliefs that are outlined in the **Adult Learning: Access through Innovation** documents. They also reflect a mission for adult learning which is to provide education and training that is:

- accessible to Albertans
- affordable to learners, employers and taxpayers
- responsive to the economic, social and cultural needs of the people of the province, and
- offered by providers who are accountable for outcomes.

Decisions made in the coming weeks about specific financial targets must be made within the context of these goals and mission.

IV. KEY ELEMENTS FOR CHANGE

How can government make a significant reduction in funding and continue to meet the educational needs of adult learners? The only possible solution is to make fundamental changes in the way we think about, deliver and fund adult learning.

Three key areas for change are:

1. defining the scope of publicly funded adult education and training
2. restructuring how we organize and deliver adult learning, and
3. getting the most out of the money we spend - accommodating reductions in funding by finding new ways to get the most out of the dollars we spend.

The **first key issue** (defining the scope) involves deciding what government should be doing in the area of adult learning, what other groups, agencies and individuals should be doing, and who should be paying for various aspects of the system. The **second key issue** (restructuring) relates to decisions about how the delivery and funding of various programs and services within the adult learning system might be rearranged, reorganized and re-focused to ensure that pre-set goals can still be met, despite limited fiscal resources. The **third key issue** (getting the most out of the money spent) focuses on accommodating reductions in funding. If across-the-board reductions are made in funding to post-secondary institutions, as suggested by some, what actions can institutions take in order to make the most effective and efficient use of the fiscal resources they have available to them?

V. HOW TO USE THE WORKBOOK

This workbook is intended to provide some basic information, to stimulate discussion on options that have been suggested to date, and to guide, not to limit, the scope of your discussions. Individuals and groups are expected to discuss and debate the issues we have outlined, to add new ideas and to provide practical and achievable suggestions for government.

The following sections of this workbook deal with each of the three key areas for change. Information is provided, questions are posed and a number of options are presented for you to consider. We also want you to add your own options to the list of ideas presented in this workbook.

In examining each of the options, consider the following questions:

- What are the major implications of each option, including cost savings and the impact on access?
- What problems could it cause? What barriers are there to making this change? What opportunities are available to move in this direction?
- Which implications are of the greatest concern to you?
- What strategies could be used to implement the option and minimize disruptions?
- What individuals or groups would be affected by, or be a part of, implementing these changes?
- What outcome measures could we put in place to ensure that an option is implemented successfully and has positive results?

Additionally, at the end of each section, a number of specific discussion questions are identified. You and your group members will be expected to address the discussion questions and report back on the options you prefer or new options your group has developed.

A. DEFINING THE SCOPE

BACKGROUND

As a first step toward creating a renewed system of adult learning in the province, Albertans must explicitly identify, define and agree upon the elements of adult learning that should be publicly supported.

What core elements of adult learning should be supported by government tax dollars in the future?

The responsibility for adult learning is shared among individuals, communities, business and industry, educational institutions and government. For this shared responsibility to work most effectively, each stakeholder's role needs to be clearly articulated. One significant change in roles is almost certain to occur: provincial funding will play a smaller role in the provision of adult learning opportunities. For example, 77% of post-secondary operating revenues come from government grants. If this level of funding does not continue, what core elements of adult learning should be supported by government tax dollars in the future?

Currently, taxpayers support a wide range of learning opportunities ranging from adult basic education and upgrading to graduate degrees. Programs

range from very job-specific training to more generalized education programs that aim to develop knowledge that can be applied in a number of situations not limited to the workplace. Career counselling and information are provided to assist individuals in making informed educational and career choices, and programs such as work experience and pre-employment training are available to facilitate positive labour market transitions for Albertans. The Students Finance Board supports students who need financial assistance to enrol in education and training programs offered by public and private institutions in Alberta as well as institutions outside the province.

The government also plays a key role in human resource development with the objective of increasing the skill level and adaptability of Alberta's workforce. An important priority is to help disadvantaged Albertans to access and adjust to the labour market.

It is unrealistic to suggest that we need only to maintain enrolment at the current level. Demand for learning opportunities will continue to increase. Through population increases alone, we can expect significantly larger numbers of young people to seek entry into higher education. In addition, many of those already in the labour force will require additional training or re-training. What options can we consider in order to meet increasing demands with fewer resources?

OPTIONS

1. RANGE OF PUBLICLY FUNDED PROGRAMS AND SERVICES

a. Public funding of selected programs or services

Currently, government supports a wide range of programs and services at institutions across the province.

Should this range be reduced?

SUGGESTIONS WE HAVE HEARD

- Funding for training focused on specific job skills should be the responsibility of the student or the employer (examples of these programs include bartending, insurance administration, or travel consulting)
- Restrict who gets subsidized by public dollars. For example, only a single educational path is subsidized, and subsequent credentials are taken on a full cost-recovery basis. Another variation would be to limit the number of years of subsidized education.

WHAT OTHER SUGGESTIONS DO YOU HAVE?

b. Financial support for training and work experience programs

The government currently supports a number of labour market services. Some of these programs are also offered by the federal government.

Should some of these programs be reduced or eliminated?

SUGGESTIONS WE HAVE HEARD

- Reduce or eliminate programs providing grants to business. For example, the Skills Alberta program provides financial support to business associations and industrial sectors for the development of training plans.
- Reduce funding support to work experience programs having high unit costs or limited benefits.

WHAT OTHER SUGGESTIONS DO YOU HAVE?

c. Public funding of a wider range of institutions and agencies

Currently, public funding goes to public and accredited private institutions. Should a broader range of providers be eligible for public funding?

SUGGESTIONS WE HAVE HEARD

- Allow private vocational schools and other providers (e.g., private colleges, non-resident institutions) to compete for the delivery of programs.
- Encourage further education councils and private providers to assume a larger role in offering academic upgrading and literacy programs.
- Provide provincial funding directly to students, who then choose where they wish to purchase a program or service, from either public or private institutions (commonly described as a voucher system).

WHAT OTHER SUGGESTIONS DO YOU HAVE?

d. The role of business and industry in training

Employers are major beneficiaries of adult learning. Most Alberta post-secondary institutions have had successful fund-raising campaigns and have benefited considerably from their involvement with the private sector.

Should business and industry play a more active role in supporting and providing education and training opportunities?

SUGGESTIONS WE HAVE HEARD

- Transfer to business and industry some of the responsibility for specific trades training that is currently offered through the apprenticeship program.
- Implement a training tax credit for employers to encourage them to provide or support training for their employees.

WHAT OTHER SUGGESTIONS DO YOU HAVE?

What do you think?

RANGE OF PUBLICLY FUNDED PROGRAMS AND SERVICES

- List your additional suggestions.

- Of all the suggestions noted, which do you prefer? Why? Are some options better, in your view, than others?

- What types of adult learning should be subsidized by taxpayers? What criteria should be used to set priorities for public funding of programs?

- What steps might be taken to encourage employers to play a more active role in providing education and training opportunities?

2. STUDENTS' CONTRIBUTIONS TO ADULT LEARNING

The issue of how the costs should be shared between students and taxpayers has been debated and discussed many times in the past. Some studies suggest that, because of the benefit they receive, students should pay from 25% - 33% of the direct costs of their education. Principles have been set which focus on a "reasonable contribution" from students.

In 1993-94:

- tuition and related fees for credit programs are estimated to be approximately \$140 million or 12% of the total operating revenues for the post-secondary system.
- average fees per full-time equivalent student for credit programs are approximately \$2100 at the universities and approximately \$980 at the colleges.
- visa students pay double the fees of Canadian students. (In 1991-92, foreign students in undergraduate programs made up only 4.2% of the full-time student population.)

The tuition fee policy allows annual tuition fee increases of \$213 at the universities and \$106.50 at the colleges and technical institutes. The policy also limits total fee revenue to 20% of net operating expenditure. The average for the system in 1992-93 was 13% of net operating expenditure and ranges from a low of 4.3% to a high of 18.5%.

What is the "reasonable contribution" that we can expect from students?

Principles of the Current Tuition Fee Policy

- All Albertans should have the opportunity to participate in post-secondary education, should their interest and ability lead them to do so.
- Both students and society should make a reasonable contribution to the costs of post-secondary education.
- Financial need should not be a barrier to participation in post-secondary education by qualified and motivated students.
- Fees should be reasonably predictable to enable students and institutions to plan their finances.

SUGGESTIONS WE HAVE HEARD

a. Leave the current tuition fee policy as it is

- Under the current policy, fee revenue for the system as a whole will increase an average of 12% or \$17 million per year. With the allowable annual increases, the University of Alberta, the University of Calgary and the University of Lethbridge will all reach the ceiling of 20% of net operating expenditures within 2 years. This means they will no longer be permitted to generate additional revenues through tuition fee increases.

b. Increase the limit on total tuition fee revenue

- The current limit on tuition fee revenue is 20% of an institution's total operating expenditures. Some have suggested that students should contribute a greater share than the 20% limit to reflect better the personal benefits they receive from their education. For this action to generate additional resources for the institutions, the limit on annual increases would also have to be increased. For example, different sectors could be allowed to increase tuition levels at different rates (e.g., technical institute fees, which are currently lower than in other sectors, could increase at a faster rate).

c. Deregulate tuition fees

- Some have suggested that no limits or regulations should be placed on tuition fees. Those providing the program or service would have the sole responsibility for setting the level of tuition fees.
- One alternative to total deregulation is to keep the current tuition fee policy in place but exempt certain programs from the limits. For example, professional programs (e.g., medicine, law, engineering, business administration) where the future earning capability of graduates is significantly higher could be deregulated.

WHAT OTHER SUGGESTIONS DO YOU HAVE?

What do you think?

STUDENTS' CONTRIBUTIONS TO ADULT LEARNING

- What is the “reasonable contribution” students should be expected to make to the costs of their education?

- Should tuition fees be permitted to increase above the limits set in the current tuition fee policy? If yes, how much should they increase and who should decide?

- What other changes to the tuition fee policy would you suggest?

B. RESTRUCTURING

BACKGROUND

A second key area for change is restructuring - redesigning the way the system is organized and operated.

Currently, each region of the province has access to a wide range of post-secondary programs and services. Many specific programs and services are available at multiple locations. Some of these programs and services, especially those that require considerable capital investment, are costly to duplicate. Alberta also has a number of specialized post-secondary institutions such as Athabasca University, the Alberta Vocational Colleges, the Alberta College of Art and The Banff Centre. The province also has a number of post-secondary institutions, most notably community colleges, whose mandates have expanded to serve a broad range of needs. At present, the vast majority of adult learning opportunities in the province are delivered through the public system.

Restructuring can reduce fixed and overhead costs per unit, capture economies of scale and build on the strengths of a combination of institutions and programs.

Restructuring can reduce fixed and overhead costs per unit, capture economies of scale and build on the strengths of a combination of institutions and programs. Realizing savings in the next three years is complicated by the need to allow students currently in the system to complete their programs. Various steps could be taken to help make programs more efficient through consolidation into centres of specialization and other types of changes. An important part of this process will be a re-definition and clarification of the roles of institutions and sectors within the publicly supported system, as well as explicit efforts to improve the ability of students to transfer within the system.

OPTIONS

1. POST-SECONDARY SYSTEM

a. Centres of program specialization

The number of institutions offering the same or similar programs could be reduced. Certain programs now widely available could be concentrated in a limited number of institutions. Until distance education mechanisms are improved and refined, students would have to travel further to access programs, and there would be associated implications for student financial assistance programs. Program quality could be maintained or improved by concentrating available resources and allowing programs to have more depth and specialization. Some programs that are not seen as priorities might not be offered at all.

*Should we concentrate certain programs in a single or fewer locations?
Will this improve service and reduce costs?*

SUGGESTIONS WE HAVE HEARD

- Have Olds College deliver college agricultural programs to all Alberta students. (Olds, Lakeland, Fairview and Lethbridge colleges currently share responsibility for this program area.)
- Rationalize apprenticeship and technology programs and consolidate most of these programs at NAIT and SAIT.
- Consolidate at one institution selected programs or specializations currently offered at the University of Alberta, the University of Calgary and the University of Lethbridge.
- Reduce the number of institutions in any one centre offering widely available programs such as business administration.
- Have the public colleges assume complete responsibility for providing year one and two of selected university programs. (Some responsibility is currently shared through university transfer programs.)

WHAT OTHER SUGGESTIONS DO YOU HAVE?

b. Downsizing/merging selected institutions

Alberta has a number of special purpose institutions as well as an extensive infrastructure of universities, colleges, vocational colleges and technical institutes.

Should some institutions be merged or regional boards created?

SUGGESTIONS WE HAVE HEARD

- Create regional boards that would have the job of reducing administrative costs and facilitating program and service rationalization. Is this approach feasible and if so, what are some possibilities to consider?
 - southern Alberta where one board could encompass The University of Lethbridge, Lethbridge Community College and Medicine Hat College
 - one board in Edmonton and one in Calgary could be responsible for all non-university programming
 - a single board for all universities or technical institutes
 - separate boards for the northwest and northeast regions of the province
- Revise the role, governance and structure of Athabasca University to emphasize a new focus on distance learning for the entire post-secondary system. For example, Athabasca University could be amalgamated with another university, placed in a new relationship with the college sector or given a new mandate.
- Substantially replace public funding to The Banff Centre with private sector funding and funds from other governments as well as cost recovery programs.
- Restructure the Alberta College of Art. One approach would be to convert it to a private institution. Another option would be for the college to become a federated college of the University of Calgary.
- Eliminate schools of nursing and provide nursing education through universities (degree programs) and colleges (diploma programs).
- Merge urban Alberta Vocational Colleges with either their local college or technical institute.
- Reduce administration funding for community consortia and move responsibility for administering the programs to nearby colleges.

WHAT OTHER SUGGESTIONS DO YOU HAVE?

c. Transfer arrangements

Some students have difficulty transferring from one post-secondary institution or program to another, or in receiving recognition for previously acquired knowledge and skills when entering a post-secondary institution. Most often, these problems are the result of the diversity of programs across the province, the autonomy of institutions and the lack of comprehensive mechanisms to evaluate prior learning. Enhanced transfer arrangements and a greater recognition of prior learning are an essential element of a restructured, more efficient and cost-effective adult learning system. Unnecessary barriers not only prevent students from achieving their goals but also increase the costs for institutions, taxpayers and students.

What actions should be taken to improve transferability among programs and institutions?

SUGGESTIONS WE HAVE HEARD

- Develop challenge exams to recognize prior learning experience and other knowledge and skills that the student has acquired.
- Establish common first year programs in some high demand college, technical institute and university programs.
- Make institutions accountable for meeting provincial guidelines on admissions and transfer.
- Link some elements of funding to improved transfer arrangements.

WHAT OTHER SUGGESTIONS DO YOU HAVE?

d. Innovative actions to improve access

Institutions themselves are in a good position to develop innovative ways of restructuring the system. However, in some cases, it takes additional resources to fully develop and implement a new approach.

Are special incentives required to promote innovation?

SUGGESTIONS WE HAVE HEARD

- Create incentives for institutions to expand access at lower costs, possibly funded by a reallocation of a portion of existing institutional grants.

WHAT OTHER SUGGESTIONS DO YOU HAVE?

e. Capital Funding

Current capital assets in the post-secondary system have a replacement value of \$4.7 billion. This includes \$0.6 billion for equipment, but excludes land. Based on a system-wide assessment of buildings in 1991, it is estimated that, because of deferred maintenance, roughly \$570 million should be spent over the next 10 years on building upgrading.

The government currently provides funding through the Capital Fund for new construction and major repairs. The level of support is subject to project-by-project approval. In addition, the department allocates \$26.8 million in Capital Renewal grants to institutions for the replacement and upgrading of equipment and maintenance of buildings.

Should the current method of supporting capital projects be changed or eliminated?

SUGGESTIONS WE HAVE HEARD

- No new publicly-funded capital construction projects.
- Encourage institutions to meet additional space requirements through increased utilization of existing facilities (e.g., year round operating and/or longer hours of operation).
- Develop guidelines for institutional responsibility for renewal of buildings and equipment and give institutions authority to reallocate operating funding to capital as they see fit.

WHAT OTHER SUGGESTIONS DO YOU HAVE?

What do you think?

RESTRUCTURING IN THE POST-SECONDARY SYSTEM

- Which programs and services should be consolidated?

- Which parts of the system should be restructured to reduce costs and improve efficiencies?

- What actions can or should we take to improve transferability among programs and institutions? What are the barriers to change in these areas?

- What actions should be taken to encourage innovations that improve access?

- What changes should be made in the way capital is funded?

- Do you have additional comments or suggestions?

2. STUDENT FINANCIAL ASSISTANCE

In an earlier section of this workbook, the option of increasing students' contributions to post-secondary education was raised. Any increases in student tuition fees will have an impact on the costs of student financial assistance programs. The current estimate is that for each dollar increase in tuition fees, there is a 45 cent increase in student assistance costs.

In 1993-94, student assistance programs were consolidated under the Students Finance Board. The Board maintains its responsibilities for providing financial assistance to students attending post-secondary programs and has also taken on responsibility for the Alberta Vocational Training program, the Vocational Rehabilitation for Disabled Persons program, and the provision of student support to social services clients.

The principles underlying the province's student assistance programs are:

- the responsibility for educational costs is shared among students, their families, and taxpayers.
- assistance provided is intended to be supplemental to student and family resources.
- assistance is awarded on the basis of financial need.

Awards are determined by deducting the resources available to a student from his or her educational costs (including living allowances). Student financial assistance programs are a major expenditure item, accounting for approximately 13% of provincial spending on adult learning, and their costs are growing.

Are there effective ways to restructure student support programs so that students' needs are met but costs do not escalate beyond the province's ability to pay?

OPTIONS

a. Grant programs versus loans, and student debt limits on graduation

Currently, Supplemental Assistance Grants of up to \$2,400 are provided to high need students who require funds in excess of the \$5,900 undergraduate loan limit. Alberta Educational Opportunity Equalization Grants of up to \$2,000 are provided to dependent students who must move to attend a post-secondary institution. Remission benefits are extended to university graduates if their debt exceeds \$15,130 and to college and technical institute graduates if their debt exceeds \$7,990.

Should these limits be changed?

SUGGESTIONS WE HAVE HEARD

- Eliminate grants and increase loans and student debt limits. Students would continue to bear responsibility for a portion of the cost of their education. This would involve replacing Supplemental Assistance Grants and Alberta Educational Opportunity Equalization Grants with loans, and increasing graduates' net debt levels to \$20,000 for undergraduate programs (by 1997-98) and \$10,000 for two-year college and technical programs (by 1995-96).
- Retain grants for very high need students (e.g., single parents).

WHAT OTHER SUGGESTIONS DO YOU HAVE?

b. Reduce Default Rates

More flexible loan repayment arrangements could be considered in view of concerns over increasing default rates on loans.

Are there ways of improving the repayment process to provide more flexibility to students?

SUGGESTIONS WE HAVE HEARD

- Remove the government guarantee on student loans and privatize loan collection under a risk-sharing arrangement with financial institutions.
- Increase loan repayment flexibility. Options include:
 - For those students with high debt or low incomes, permit banks to extend the repayment term to 15 years and longer under special circumstances.
 - Offer student borrowers the option of a graduated repayment schedule even if the risk-sharing program alternative with financial institutions is implemented.
 - Offer student borrowers the option of fixed or variable interest rate financing where the borrower can choose the repayment term and applicable interest rate.
 - Implement a bonus system that encourages students to repay their loans earlier than scheduled.

(continued)

SUGGESTIONS WE HAVE HEARD (continued)

- Increase student accountability. Options include:
 - Make all loans subject to credit bureau reporting.
 - Educational institutions could withhold a student's degree/diploma/certificate until evidence of loan consolidation is presented.
 - Collect delinquent student loan repayments through the income tax system.
 - Give students the option of providing a "qualified" co-signer in return for some form of compensation (e.g., lower interest rate, longer repayment term, additional funds to high risk borrowers).
- Reduce exposure on higher risk lending. Options include:
 - Provide financial assistance to students attending higher risk programs such as high school upgrading programs and perhaps all basic foundations skills programs in the form of "incentive grants" rather than loans.
 - Make student loan support contingent upon satisfactory default rates for each program of study.
- Income contingent repayment
 - Payments would not be made until a graduate's income reached a certain threshold.
 - Rate of repayment would be determined by a graduate's future income.

WHAT OTHER SUGGESTIONS DO YOU HAVE?

c. Redirect Alberta Heritage Scholarship Fund revenues

Each year, the Alberta Heritage Scholarship Fund provides \$12.5 million in scholarship support to Alberta students. Currently, a portion of the Fund is allocated for scholarship programs that do not directly promote access to adult learning programs.

Should these funds be redirected ?

SUGGESTIONS WE HAVE HEARD

- Use a portion of the Fund to support needs-based grant assistance for students.
- Make scholarships needs-based.
- Eliminate those scholarships that don't support access.

WHAT OTHER SUGGESTIONS DO YOU HAVE?

What do you think?

STUDENT FINANCIAL ASSISTANCE

- How should student support programs be restructured so that students' needs are met but costs do not escalate beyond the province's ability to pay?

- How can the repayment process be improved to provide more flexibility for students?

- What type of changes might be made in the Alberta Heritage Scholarship Fund programs?

- Do you have additional comments or suggestions?

C. GETTING THE MOST OUT OF THE MONEY SPENT

BACKGROUND

Some have suggested that one way to reduce overall expenditures is for government to make across-the-board cuts to post-secondary institutions and allow them to decide how best to accommodate the reductions. Each one per cent decline in the operating grants generates savings of approximately \$9 million. This approach provides institutions with the greatest flexibility and it also gives them responsibility for deciding how to get the maximum benefits out of the funds allocated to them. If this approach is taken, what advice would you give to government in terms of whether or not the same rate of reduction should be applied to all institutions? And what advice would you give to post-secondary institutions in terms of potential areas for improving productivity and the affordability of their programs and services?

Increasing productivity is an essential aspect of designing a new system that will be able to respond to a rising demand for learning opportunities in the face of limited resources. Over the past several years, the publicly supported adult learning system has increased its productivity. Since 1985-86, government grants increased by 30%, roughly equivalent to the increase in inflation over the same period. At the same time, enrolments grew by approximately 18%. The combined effect of these changes is that the real (inflation adjusted) per unit cost of credit learning opportunities has declined by 6%. Nonetheless, to accommodate increasing demands for access with limited resources, new ways of continuing to improve productivity must be examined by institutions.

Responsibility for improving accountability for results goes hand in hand with productivity. As with all other publicly-funded organizations, the post-secondary education system is being challenged to be more accountable for the results it achieves. Taxpayers want to know that their dollars are being spent in the most effective and efficient way and also that positive results are being achieved. Accountability means being answerable for results.

In most cases, the necessary benchmarks for measuring results are not available. In the past, most efforts to demonstrate accountability focused on inputs such as funding, teachers' qualifications or the size of libraries, and on the number of students served. It is clearly time to pay more attention, on a system-wide basis, to results and to the best possible use of resources.

Increasing productivity is an essential aspect of designing a new system that will be able to respond to a rising demand for learning opportunities in the face of limited resources.

1. OPTIONS FOR INSTITUTIONS TO CONSIDER

a. Salaries and Benefits

The major cost of post-secondary education is staff pay and benefits. In 1992-93, the compensation costs component of the publicly funded post-secondary system amounted to a total of \$935 million or approximately 80% of institutional expenditures.

What changes, if any, should be made to salaries and benefits?

SUGGESTIONS WE HAVE HEARD

- All public sector agencies could adopt compensation (salary and benefits) rollbacks. In the post-secondary sector, a 5% rollback would provide cost savings of approximately \$46.8 million. This amount is slightly more than 5% of the provincial grants for post-secondary education and training.
- Institutions and staff could consider alternative ways of reducing the costs of salaries and benefits, e.g. fewer paid leaves or other changes to benefits.

WHAT OTHER SUGGESTIONS DO YOU HAVE?

SUMMARY OF SALARIES/BENEFITS AND NUMBER OF FULL-TIME EQUIVALENT STAFF AT POST-SECONDARY INSTITUTIONS (1992-93)

	Academic		Support		Management/ Opted Out		Total	
	\$ Salaries/ Benefits	FTE's	\$ Salaries/ Benefits	FTE's	\$ Salaries/ Benefits	FTE's	\$ Salaries/ Benefits	FTE's
Universities & Banff Centre	332,105,000	4,842	198,868,000	6,137	8,374,000	113	539,347,000	11,092
Public Colleges	105,508,000	1,934	59,647,000	1,890	28,671,000	495	193,826,000	4,319
Technical Institutes	82,481,000	1,362	41,011,000	1,134	12,161,000	160	135,653,000	2,656
Schools of Nursing	8,565,000	141	1,206,000	37	1,836,000	30	11,607,000	208
Alberta Vocational Colleges	23,831,000	471	5,444,000	224	6,445,000	152	35,720,000	847
Private Colleges	9,837,000	239	5,693,000	203	3,323,000	64	18,853,000	506
TOTAL	562,327,000	8,989	311,869,000	9,625	60,810,000	1,014	935,006,000	19,618

b. Teaching Work Loads

Different types of institutions in the post-secondary sector have significant differences in teaching loads. The main difference is between universities (which have a research as well as a teaching function) and other types of colleges and schools. Stuart Smith, in his Commission of Review on University Education, stated that it would be justifiable and appropriate for permanent university faculty to increase their average undergraduate teaching load by three hours a week and that this would have a significant effect on teaching productivity. Regardless of mandate, however, all types of institutions must make accommodations to respond to the currently high and growing demand for access to post-secondary education.

What changes should be made to teaching work loads to improve productivity?

SUGGESTIONS WE HAVE HEARD

- Faculty members in all sectors could increase their teaching workloads as a means of improving productivity and accommodating more students.
- Re-balance the allocation of faculty time among the key responsibilities of teaching, research, community service and administration.

WHAT OTHER SUGGESTIONS DO YOU HAVE?

c. Use of technology and distance education

Most programs in post-secondary institutions are delivered in a traditional way: one faculty member lectures, organizes discussions, and marks exams and papers for a group of students. Many people believe that, to date, insufficient attention has been given to alternative delivery methods - ways of using technology to supplement the traditional teaching approach. Increasing the use of technology and distance education is seen as a way to reduce unit costs and to reach students who are currently unable to access courses delivered by conventional means. However, initially it may involve higher costs for program development and the purchase of equipment.

What actions can we take to expand the use of technology and distance education?

SUGGESTIONS WE HAVE HEARD

- Expand the use of teleconferencing and correspondence courses to bring instructors and distance learning opportunities to remote communities.
- Contribute to the creation of a multipurpose electronic highway which includes networked library systems.

WHAT OTHER SUGGESTIONS DO YOU HAVE?

d. Support and Administrative Services in Institutions and the Department

Post-secondary institutions and the department are supported by a range of administrative, technical and support services.

Are there ways of streamlining these services?

SUGGESTIONS WE HAVE HEARD

- To achieve reduced unit costs, develop strategic alliances between and among institutions and the department, and/or consolidate selected administrative and support functions such as data management and processing, applications and purchasing.
- Privatize services, as appropriate.

WHAT OTHER SUGGESTIONS DO YOU HAVE?

What do you think?

OPTIONS FOR INSTITUTIONS TO CONSIDER

- Should grant reductions be targeted to certain institutions or made across the board? What level of grant reduction would you suggest?

- What changes could institutions make that would do the most to improve productivity?

- Do you have additional comments or suggestions?

2. ACCOUNTABILITY REQUIREMENTS

Post-secondary institutions and the provincial government are both responsible for the way in which resources are allocated and for demonstrating to the public that desired results are being achieved. Many results are expected for the adult learning system. Learning, the creation of new knowledge, community service, fiscal management and system responsiveness typically are used to describe the key expectations of the system. Information on expectations and results is essential to guide decisions about building a renewed adult learning system.

Assessing whether desired results are being achieved is not an easy task. It requires agreement about what are reliable and valid measures of success and what is the appropriate information to support them. Many of the indicators that can be used to assess the performance of the post-secondary education and training system are subject to influences from outside the system (e.g., conditions in the local labour market.) Although true cause and effect relationships are difficult to establish and performance indicators are subject to value judgments and biases in interpretation, a reasonable and defensible set of indicators is essential.

Information on expectations and results is essential to guide decisions about building a renewed adult learning system.

What actions should be taken to demonstrate results and improve accountability? Who should be involved in implementing these actions?

SUGGESTIONS WE HAVE HEARD

- Define the expectations and goals of the adult learning system.
- Develop system-wide performance indicators and establish benchmarks for key areas.
- Change the emphasis of performance measures from inputs and process to results.
- All providers, both public and private, should be accountable in the same way.

WHAT OTHER SUGGESTIONS DO YOU HAVE?

What do you think?

ACCOUNTABILITY REQUIREMENTS

- What actions should be taken to improve accountability?

- Who should be involved in implementing these actions?

- What results in adult learning are important to you?

- Do you have additional comments or suggestions?

APPENDIX

SUMMARY OF FINANCIAL, ENROLMENT, AND STAFF DATA

	1993-94 Grants* (\$000's)		1992-93 Credit FTE (est)	% of Total FTE	Staff Salaries/Benefits (b) 1992-93 \$ 000's 1992-93 FTE's	
	Operating	Capital (a)				
Universities						
Alberta	261,372.2	13,261.1	29,079	24.9	286,270	6,032
Calgary	163,625.6	22,497.2	21,817	18.7	182,202	3,612
Lethbridge	35,328.1	787.1	4,754	4.1	38,615	720
Athabasca	17,516.5	248.3	3,987	3.4	17,270	343
Banff	13,941.7	415.2	225	0.2	14,990	385
Sub-Total	491,784.1	37,208.9	59,862	51.3	539,347	11,092
Public Colleges						
Alta College of Art	6,632.0	121.4	718	0.6	5,897	126
Fairview	11,945.1	452.8	1,070	0.9	9,430	205
Grande Prairie	15,538.4	279.5	1,750	1.5	15,930	313
Grant MacEwan	27,572.9	46,672.4	4,800	4.1	29,957	734
Keyano	16,899.3	712.0	1,216	1.0	16,507	328
Lakeland	16,226.4	494.0	1,492	1.3	16,526	385
Lethbridge	17,170.8	725.9	3,300	2.8	20,061	485
Medicine Hat	11,933.6	429.2	2,250	1.9	13,117	309
Mount Royal	31,535.3	1,019.8	4,900	4.2	34,878	808
Olds	12,713.7	483.5	900	0.8	12,026	246
Red Deer	20,163.9	601.4	4,300	3.7	19,497	380
Sub-Total	188,331.4	51,991.9	26,696	22.9	193,826	4,319
Technical Institutes						
NAIT	74,582.5	2,240.1	9,441	8.1	76,733	1,470
SAIT	65,028.6	2,507.4	6,519	5.6	58,920	1,186
Sub-Total	139,611.1	4,747.5	15,960	13.7	135,653	2,656
PAI'S						
AVC-Calgary	8,571.0	48.1	3,851	3.3	7,829	192
AVC-Edmonton	11,358.5	47.8	3,755	3.2	10,327	261
AVC-Lac La Biche	7,724.5	101.0	1,027	0.9	7,821	173
AVC-Lesser Slave Lake	12,210.3	349.3	1,319	1.1	9,743	221
Sub-Total	39,864.3	546.2	9,952	8.5	35,720	847
Private Colleges						
Augustana	3,632.4	0.0	984	0.8	7,017	195
Canadian Union	776.1	0.0	310	0.3	2,000	60
Concordia	4,468.8	0.0	1,352	1.2	7,496	182
Kings	1,347.5	0.0	399	0.3	2,340	69
Sub-Total	10,224.8	0.0	3,045	2.6	18,853	506
Schools of Nursing						
Alta Hosp Ponoka	947.3	12.6	81	0.1	761	14
Foothills	4,233.2	26.3	307	0.3	3,287	58
Misericordia	1,891.7	15.8	232	0.2	1,318	24
Royal Alexandra	3,008.3	39.6	328	0.3	2,587	47
U A H	3,723.3	59.2	168	0.1	3,654	65
Sub-Total	13,803.8	153.5	1,116	1.0	11,607	208
Total	883,619.5	94,648.0	116,631	100.0	935,006	19,628

* Institutional Fiscal Year

Notes: a) Includes capital renewal funding and capital project grants.

b) Staff \$ and FTE's based on 1993-94 Grant Request - Form D and are estimated amounts for 1992-93.
est = estimate

ADVANCED EDUCATION AND CAREER DEVELOPMENT PROGRAMS AND SERVICES SUMMARY

LABOUR MARKET PROGRAMMING

PROGRAM ACTIVITY	DESCRIPTION	1993/94 BUDGET
1. Career Consulting and Labour Market Information Services.	Provides individuals, in career related transitions, with information and assistance in making informed career related decisions.	\$4.2M
2. Information Development and Marketing (e.g. publications)	Provides current and meaningful information to improve awareness, understanding and use of labour market information, trends, and issues.	\$1.1M
3. Career Information Hotline	Provides a toll-free telephone information and referral service.	\$0.4M
4. Employment Alternatives Program (Pre-Employment Services)	Designed to increase the employability of social allowance recipients (SARs) by providing services to reduce barriers to employment.	\$10.9M
5. Apprenticeship and Industry Training	A partnership of government, employers and employees that identifies training needs and develops programs that combine work experience and formal training.	\$9.5M
6. Skills Alberta	Skills Alberta promotes partnerships and joint ventures to address common training needs across provincial regions or industry sectors, through consulting services and funding support for the development of generic training programs.	\$2.1M
7. Mobile Training Centres	Portable facility providing a combination of training, employment related skills development, and work experience to residents in remote communities. Pilot projects are currently Paddle Prairie, Buffalo Lake Metis Settlement, and Cadotte Lake.	\$1.1M
8. Private Vocational Schools (PVS)	Provides financial support to unemployed individuals who require training offered by private vocational schools in fields identified as having critical skills shortages.	\$1.2M
9. Hire A Student	Provides employment matching services for students in Alberta communities during the summer months.	\$0.6M
10. Tailor Made Training	Final commitment of funding to Pratt & Whitney.	\$0.7M
11. Agency Support	Provides operational grants in support of employment counselling and/or placement activities in six non-profit agencies.	\$1.8M
12. Summer Temporary Employment Program (STEP)	Creates temporary employment and facilitates on the job training opportunities for students and unemployed Albertans.	\$10.0M
13. Special Placement Work Experience Program	To assist disabled and disadvantaged Albertans to obtain and maintain meaningful employment in the Alberta Public Service.	\$0.4M
14. Regional Delivery	Program delivery, support and business consulting services and general administration for 22 locations and regional headquarters.	\$4.6M
		\$48.6M

INSTITUTIONAL SUPPORT

PROGRAM	DESCRIPTION	1993/94 BUDGET
1. Program Support	Provides funds for the following: - improve instruction and develop higher education programs; - support administrative services; - support organizations and groups providing services and programs in higher and further education; - make principal repayments to the Capital Fund for amounts borrowed for facility construction; - make final matching grants under the Endowment and Incentive Fund, now terminated.	\$58.3M
2. Provincially Administered Institutions	Provides operating funds for the delivery of instructional programs and services through the four Alberta Vocational Colleges.	\$46.8M
3. Private Colleges	Provides operating funds for higher education programs at Augustana University College, Canadian Union College, Concordia College and The King's College.	\$10.1M
4. Technical Institutes	Provides operating grants for higher education programs at the Northern Alberta Institute of Technology and the Southern Alberta Institute of Technology.	\$139.6M
5. Public Colleges	Provides operating grants to the eleven public colleges: Alberta College of Art, Fairview College, Grande Prairie Regional College, Grant MacEwan Community College, Keyano College, Lakeland College, Lethbridge Community College, Medicine Hat College, Mount Royal College, Olds College, and Red Deer College.	\$187.9M
6. Universities	Provides operating grants to the four universities and the Banff Centre.	\$491.8M
7. Hospital-Based Nursing Education	Provides operating grants for registered psychiatric nursing training and registered nursing training at Alberta Hospital Ponoka, Foothills Provincial General Hospital, Misericordia Hospital, Royal Alexandra Hospitals and the University of Alberta Hospitals.	\$13.8M
8. Capital	Provides institutions with grants for the upgrading and renewal of furniture and equipment, buildings and utilities.	\$27.3M
		<u><u>\$975.6M</u></u>

STUDENT ASSISTANCE

PROGRAM	DESCRIPTION	1993/94 BUDGET
Financial Assistance to Students	The Student's Finance Board provides the following: Administrative Support, Grant Assistance; Interest Payments; Remission of Loans; Implementation of Guarantees; Adult Education Opportunity Grant; Rehabilitation Training; and Training Allowances and Assistance.	\$162.5M
		<u><u>\$162.5M</u></u>

DEPARTMENT SUPPORT SERVICES

CAPITAL FUND	The capital fund provides financial assistance for the planning and construction and furnishing of post-secondary education facilities.	\$67.9M
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TOTAL BUDGET	\$1,265.8M
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STUDENTS FINANCE BOARD NEED-BASED PROGRAMS 1993-94 FORECAST

Programs	Students Assisted	Expenditure (\$ millions)
Canada Student Loans	39,000	\$132.4
Guaranteed Provincial Loans	37,816	101.1
Alberta Educational Opportunity Equalization Grants	5,800	7.6
Supplemental Assistance Grants	12,800	20.0
Maintenance Grants	5,500	20.6
New Programs		
Grants to Social Services Recipients	5,000	31.9
Alberta Vocational Training Grants	6,500	18.7
Vocational Rehabilitation Training Grants	700	2.5
TOTALS	64,700	\$334.8

